



Gray Davis, Governor
State of California
Business, Transportation and Housing Agency

980 Ninth Street
Suite 500
Sacramento, CA 95814
916-324-8176 voice
916-322-9430 fax

DATE: March 22, 2001
TO: Interested Parties
FROM: Daniel Zingale, Director
RE: Approval of SB 260 Emergency Regulations

We are pleased to announce that today the state Office of Administrative Law (OAL) approved, and filed with the Secretary of State, the Department of Managed Health Care's (DMHC) proposed emergency regulations implementing the first phase of Senate Bill 260 (Speier).

These regulations begin the process of enhanced financial monitoring of physician organizations by requiring these organizations to report financial statement information to the DMHC. Additionally, the regulations require managed health care plans to share certain actuarial information with their contracted providers and for these plans to report information to the department related to the financial risk they have assigned to their providers.

The emergency regulations take effect March 23, 2001 and remain in place for 120 calendar days. The DMHC will begin the permanent rulemaking process, including a 45-day public comment period, within the next few days.